



CITY OF NEW BEDFORD

SCOTT W. LANG, MAYOR

May 18, 2009

City Council President John T. Saunders
Councilors Alves, Coelho, Gomes, Lawrence,
Morad, Martins, Dehner, Duarte, Gonsalves and Pimental
133 William Street
New Bedford, Massachusetts 02740

Council President Saunders and Members of the City Council:

I am before you tonight to respectfully submit the proposed budget for the City of New Bedford for the Fiscal Year 2010 that begins on July 1, 2009.

Our nation is in the midst of the worst economic crisis since the Great Depression. We are now in the longest recessionary period since the Depression, with no certainty that the economy has hit bottom. The unemployment rate in the United States is 8.9%. In the Commonwealth of Massachusetts, the unemployment rate is 7.8%, and in the City of New Bedford our unemployment rate is an unacceptable 14.7%. Since October of 2008, the United States has shed 2.9 million jobs nationally or 16,681 jobs daily. During this same time frame, New Bedford residents have lost 2,497 jobs or 14 jobs daily. Clearly this economic crisis is not confined to our city; it affects every one of our families in the public and private sector. A quick reading of the newspaper or viewing of the news provides everyone with the dramatic impact of the stress America's economy is experiencing.

The budget I present to you is *preliminary* as the state budget is currently in flux. New Bedford will receive notification of our final state local aid allocation in the coming weeks. In the meantime, we must work together to balance this rather austere budget. We are hopeful that additional Chapter 70 funds will be dedicated to the New Bedford School District, and other non-school local aid dollars will be allocated by the legislature in the near future.

This preliminary budget of \$278,695,351 is presented to the City Council showing a \$3,866,501 deficit. Thus, our final budget number will be \$274,893,850. I want to assure our citizens that all essential city services which our government provides will continue, however, new strategies for providing these services and cost effective measures, will be implemented to guide New Bedford through these very challenging national, state, and local economic conditions.

At the state and federal level, I have advocated for the creation of a public safety foundation formula which will stabilize funding for New Bedford's Police, Fire, and Emergency Medical Services departments, strongly protect our city, and give relief to our budget. I am hopeful that we will receive such aid during the 2010 fiscal year. Any salary and benefit commitments that can be absorbed through state or federal economic stimulus programs, grants and awards will be transferred to the appropriate accounts to save the city money and help balance our budget.

There is no wiggle room in this budget—there are neither paper clips nor perks to trim.

We only need to look back to January to see the serious effects the decrease in local aid had on our City's career employees, and the impact layoffs have on the ability of the City to meet the needs of our citizens. I do not believe that layoffs are the only solution to arrive at a balanced budget. There are many alternatives that can be adopted to stabilize the City's employee base and strengthen the City's capacity to serve its citizens.

As I noted in my State of the City address, New Bedford's unions must lead in re-tailoring local government. The industrial model of municipal government is about to disappear for lack of a funding source. We need the labor movement to help create a sustainable, stable employment model that will ensure job security for our dedicated city servants and provide the finest quality services for the citizens of New Bedford.

In order to span this deficit for FY2010, cost-saving measures must be adopted or a significant number of our career employees will be laid off. New Bedford's employees should not become a class of itinerant workers, being laid off and recalled as dollars permit. Careers aren't built working one day and waiting for an unemployment check the next. A career with the City of New Bedford spans two to three decades. I believe an employee's decision to make a personal financial sacrifice to preserve both their job and their fellow employee's job is a wise and appropriate vocational investment in their future and in the City of New Bedford's future.

I will ask the labor unions, which represent many of our employees, to be fully involved in seeking cost saving measures which will preserve jobs for our employees. I also look forward to working with the City Council to bridge this gap.

For the past two months, I have worked closely with the City's financial team and each city department head to develop various scenarios on how we will balance the budget over the course of the next six weeks. I am proposing several alternatives on how we can get through the FY 2010 budget without substantial layoffs and another contraction in the City's capacity to serve its people. Each is predicated upon all employees accepting a wage and step freeze for FY 2010. I encourage additional proposals from the City Council, the city's unions, the city's dedicated employees and the public at-large.

The cost efficiency proposals I offer tonight are based upon the Massachusetts Senate's current local aid allocations. If the local aid figures increase, I will immediately insert the new figures into the revenue calculations for the FY 2010 Budget. Likewise, if they decrease the revenue figures will be adjusted accordingly. Thus, based on the current projections, I offer the following alternatives to cover the preliminary deficit of \$3,866,501.00:


- Lay-off 94 city employees resulting in a cost savings of \$3,844,600; or
- 1-hour decrease in work-week for all non-public safety personnel and 71 lay-offs resulting in a cost savings of \$3,869,639; or
- 1-day per week decrease for all non-public safety personnel and 34 layoffs resulting in a cost savings of \$3,875,401; or
- Reduction in public safety overtime and court time and 1-hour per day decrease in work week for all non-public safety personnel and 34 layoffs resulting in a combined cost savings of \$3,856,339; or
- Reduction in public safety overtime and court time and 1-day per week decrease for all non-public safety personnel resulting in a savings of \$3,864,801; or
- 5% reduction of salaries for all city personnel and 37 layoffs resulting in \$3,880,100; or
- Reduction in public safety overtime and court time and 5% reduction of salaries for all city personnel resulting in a cost savings of \$3,866,800; or
- Reduction in salary for all city personnel by 8.15% resulting in a cost savings of \$3,857,884

These proposals do not necessarily have to be implemented as packaged and may be combined in different manners to amount to the cost savings we must achieve.

There is much work to do and our task will have broad reaching effects. Yet, I am confident that working together as a city government committed to protecting and serving our citizens we will formulate and adopt a budget that will maintain the highest level of services for the citizens of New Bedford.

Thank you.

Sincerely,



Scott W. Lang
Mayor